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Ms. Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
regs.comments@federalreserve.gov
Attn: Docket No. R-1176

Re: Comments on Proposed Rule to Implement
the Check Clearing for the 21st Century Act

Dear Ms. Johnson:

The PNC Financial Services Group, Inc. ("PNC"), Pittsburgh, Pennsylvania, is grateful for the opportunity to comment on the amendments proposed by the Board of Governors of the Federal Reserve System ("Board") to Regulations CC, Availability of Funds and Collection of Checks (12 C.F.R § 29) (69 *Fed. Reg.* 1470 (Jan. 8, 2004)), intended to implement the Check Clearing for the 21st Century Act ("Act"). The changes that will be brought about by the Act and the regulations will help move the industry toward greater efficiency in the processing of checks by fostering the use of electronic transmission of information about paper checks.

PNC is one of the largest diversified financial organizations in the United States, with $68.3 billion in total assets as of December 31, 2003. Its major businesses include community banking, corporate banking, real estate finance, asset-based lending, wealth management, and global fund processing services. PNC's lead bank, PNC Bank, National Association, Pittsburgh, Pennsylvania, has branches in Indiana, Kentucky, New Jersey, Ohio, and Pennsylvania. PNC also has two other bank subsidiaries: PNC Bank, Delaware, Wilmington, Delaware, which has branches in Delaware, and UnitedTrust Bank, Bridgewater, New Jersey, which has branches in New Jersey and Pennsylvania.

This letter addresses some of PNC's concerns raised by aspects of the proposed amendments to Regulation CC that would implement the Act (the "Proposal") with respect to the complex operational aspects of extant check processing systems, and the changes that these amendments would bring to those systems. PNC agrees with The Electronic Check Clearing House Organization, the National Check Exchange and the Financial Services Roundtable and BITS in raising the issues addressed in their respective comment letters and, except to the extent of any inconsistency with this letter, with their proposed resolution of those issues.

Sections 229.2(a) and 229.2(ss): Applicability of Proposal to Certain Accounts

There is some uncertainty as to the applicability of the Proposal to certain consumers who have checkwriting privileges, but who do not maintain deposit or other accounts directly with a bank. For example, a brokerage customer may have a brokerage account that affords him or her checkwriting privileges. In such a situation, the broker (not the brokerage customer) maintains one or more clearing accounts with a bank When the brokerage customer writes a check, he or she is drawing the check against assets that are held in the brokerage account. The broker's bank account is merely a vehicle through which the brokerage customer is given access to those assets. Typically, as checks of the various brokerage customers are posted to the broker's clearing account at the bank, the broker wires funds into the clearing account to make a net settlement with the bank for the checks of all of its customers who have check writing privileges and debits the brokerage customer's brokerage account in order to obtain payment from the customer.

The clearing accounts are opened by, and maintained under the control of, the brokers, not the consumers. Therefore, they seem to be clearly outside the scope of consumer accounts. Because brokerage customers do not maintain accounts directly with banks, it also seems clear that the brokerage accounts themselves are not consumer accounts under the Proposal. Furthermore, if the brokerage accounts were considered to be consumer accounts under the Proposal a number of logistical difficulties would arise. For example, a bank would need to rely on the broker to provide necessary disclosures to its brokerage customers. One could envision disputes concerning failure to provide such notices. In addition, only the broker would have critical information regarding the brokerage account, such as whether it was an interest-bearing account, whether it was a margin account, and whether it was overdrawn. Further, if such an account were an interest bearing account, issues would arise as to which party would be responsible for recrediting lost interest. For the reasons stated above, we seek confirmation that neither the brokerage accounts nor the clearing accounts that are maintained at the banks by the brokers are "consumer accounts" under the provisions of the Proposal.

Sections 229.2(zz) and 229.51(a)(2): Legal Status of Substitute Check

Is or is not a substitute check the legal equivalent of its original paper check version? The Uniform Commercial Code ("UCC") deals with counterfeit checks within the context of its loss allocation rules. The UCC does not alter the status of the counterfeit check as a check per se for purposes of applying those rules.

In an attempt to integrate substitute checks as we move in the direction of a fully electronic check processing system, Check 21 and the proposed regulations identify circumstances that alter, or rather remove, the legal status of a substitute check, rendering it unusable for at least some of the purposes for which an original check may be used. Under section 229.2(zz) and the Commentary thereto, an encoding error in the amount field or the repair of an encoding error in the amount field do not alter the legal status of a substitute check. On the other hand, a MICR-read error eliminates that status, yet it does not affect warranty and indemnity damages and expedited re-credit rights.

Moreover, consumers and others receiving substitute checks will read the legend on its face that literally and absolutely declares that the substitute check is the legal equivalent of its original paper version. The legend does not say 'this is the legal equivalent if certain conditions are met.' Rather it says, "This is a legal copy of your check. You can use it the same way you would use the original check." [section 4(b) of the Act and section 229.51(a)(2) of the Proposal]. Lost on such a recipient will be the subtleties of exact or inexact replication of the MICR line, or even greater alterations and omissions of data. The recipient would be faced with a seeming contradiction and not enough information to know what his or her rights are at any given moment.

Should a different treatment, such as that accorded a counterfeit check under the UCC, be created for dealing with the potentially innocent maladies that may befall the substitute check (as they now befall original checks) during processing? This is especially important because of automated processing that will allow checks to be processed when certain data is missing and because customers will generally have no idea what to look for, but they will see that comforting legend. We suggest that an approach should be adopted that allows the substitute check to retain its legal status despite such issues as MICR-read problems and lets those issues be governed by existing encoding error rules of the UCC and Regulation CC, as well as Clearinghouse rules, which are applied currently to MICR related issues of original checks.

By contrast, there is one point at which the denial of legal status should be retained. That is, no substitute check should have legal status unless the first bank to create or receive the substitute check explicitly agrees to create or receive it. This seems to be a necessary gate-keeping function. Otherwise, substitute checks deposited through ATMs, by mail, through night depositories and tellers would become the responsibility of the depository bank without that bank having any control over the process or any ability to allocate losses through contractual agreements. Of course, banks will need to create internal strategies for dealing with such items if they come into the bank uninvited, but they should not be obligated to accept them. The bank should simply be able to identify such items and immediately return them to the depositor. A bright line is clearly called for in this instance.

Sections 229.35 and 229.38, Appendix D, Appendix E, (nos. 45 to 49), and 229.51(b): Indorsements

Questions that come to mind in connection with various indorsement requirements include: how are indorsement requirements fulfilled when there are multiple banks in the collection process and more especially, what happens if multiple substitute checks are created? In addition, if there are multiple substitute checks in the same transaction, does each subsequent creation also require a new substitute check legend to be applied? Will the number in position 44 on the MICR line mean that the image size of the original check does not change with subsequent creations of substitute checks? Does this mean that the "frame" around the image is shrunk so that the old legend and any other indorsements placed on the substitute check are greatly reduced so that a new legend and other items can be added? Visualizing this is very difficult. We seek clarification as to these questions.

Moreover, it seems as though great faith is placed in the ability of banks, and most especially of reconverting banks, to comply with policies on indorsements under various sections of the proposed

regulations including sections 229.35 and 229.38, Appendix D, Appendix E, (nos. 45 to 49), and section 229.51(b), which are far closer to a zero tolerance policy on mistakes than anything that passes muster in current processing systems. These standards implicitly point to technical precision that may or may not be possible by the effective date of the Act. On the other hand, some technical standards, such as the exact percentage by which the check image will be reduced, may be imprecise and it may be technically possible to achieve a larger image of the check. Because of that, the specific percentages of the size of the original check that will be contained in the image (about 65% of a business check and about 80% of a consumer check) should be removed from Appendix E, (No. 49, paragraph 2).

It would be valuable to be able to see a picture or representation of a complete transaction in which one substitute check is created, but where multiple banks receive it, as well as a transaction in which at least three substitute checks are created in the same transaction. That way, the Regulation's indorsement location requirements and the rules for applying the legend when multiple substitute checks are created in the same transaction will perhaps be more clearly understood. Also, some consideration should be given to creating a grace period for bank operations areas to get it right technically-- that is, for the correct placement location of all information on the substitute check.

Section 229.2(yy): Definition of reconverting bank

A "reconverting bank" is defined to include a bank that agrees to accept a substitute check from a nonbank and then transfers either the substitute check "or, in lieu thereof, the first paper or electronic representation of that substitute check." By referring to a paper representation of the substitute check instead of referring only to an electronic representation, this definition suggests that a bank can be a reconverting bank if it accepts a substitute check from a nonbank and then transfers a paper representation of that check that does not itself qualify as a substitute check. We do not understand how a bank would be a reconverting bank under such circumstances and ask that the Board clarify the answer to this question.

We also suggest that the term "reconverting bank" is confusing insofar as it applies to a bank that first creates a substitute check, because it implies that the original check has previously been converted to a substitute check or an electronic representation. In the case of the first conversion of an original check to a substitute check, that would not be correct. We suggest changing the term "reconverting bank" to "converting bank."

Sections 229.2(zz) and 229.51(b)(2) and (3): Generally accepted industry standards

The Board proposes to define a substitute check, and the responsibilities of a reconverting bank, by reference to the concept "generally accepted industry standards." Specifically, the MICR line of a substitute check must include all of the information from the MICR line of the original check, except as provided under generally accepted industry standards, and a reconverting bank must identify itself and the truncating bank in accordance with generally accepted industry standards. We are concerned that, under the Proposal, there is no certainty about how and by whom "generally accepted industry standards" will be determined. While the Commentary to the sections cited above does identify certain standards that the Board believes qualify, in our view it does not make

sufficiently clear that they are the only industry standards that are considered "generally accepted." Given the newness of substitute checks, there is the potential for the development of competing and conflicting standards. It is critical that banks and other parties handling substitute checks not be left in doubt about which standards they should follow in order to comply with the provisions of the Act and the final rule. PNC believes that the Commentary to the final rule should specify those standards that are "generally accepted industry standards," state that they are the only standards that have such status, and provide a mechanism by which the industry can update them as necessary without new rulemaking. Proposed new standards should be published as proposed changes to the Commentary for public comment.

Section 229.2(aaa): Definition of "sufficient copy" and the Commentary to that definition

Under the Proposal, a copy of an original check is a paper reproduction of the check. Therefore, an electronic image of an original check could never be a sufficient copy unless the recipient prints it. The definition is significant because an indemnifying bank under the Proposal can stop the accrual of damages for which it must indemnify the recipient of a substitute check by providing to the recipient a sufficient copy (section 229.53(b)(3)(i)(A)). PNC suggests that there is no reason why an electronic image of a check that can be printed should not qualify as a substitute check merely because the recipient elects not to print the image. The indemnifying bank has no control over whether the recipient actually prints the image. If the recipient has agreed to accept an electronic image, or if the indemnifying bank otherwise has the legal right to provide information to the recipient in electronic form, an electronic image that otherwise qualifies as a substitute check should come within the definition whether or not the recipient actually prints the image.

Section 229.2(bbb)(2)(i) and (ii): Definition of consideration

PNC disagrees that the mere right to charge a customer's account constitutes consideration for the bank. The right to charge a customer's account arises either by contract with the customer or under state law and precedes the presentation or transfer of the item for which the bank has the right to charge the account. Thus, it is not consideration received in exchange for the substitute check. Further, the right to charge the account is not meaningful if there are not sufficient funds in the account to cover the amount of the charge. Therefore, we suggest that the final rule provide that there is consideration for the substitute check only if the bank actually charges the account and there are sufficient collected funds in the account to cover the full amount of the charge.

We also recommend that section 229.2(bbb)(2)(ii) be changed to read "…solely in response to a person's warranty, indemnity, expedited recredit or other claim with respect to or request for a copy of a substitute check." If providing a substitute check or representation thereof in response to a warranty claim against the bank does not give rise to consideration, with which we agree, it should follow that consideration should not arise when a bank provides a substitute check or representation solely in response to any other request for a copy.

Section 229.30(c)(1): Receiving bank's cutoff hour

We request clarification of the meaning of "the receiving bank's cutoff hour for the next processing cycle (if sent to a returning bank)."

Section 229.52(a)(2): Warranty against being asked to make payment that would be duplicative of a substitute check

Under the Proposal, a bank that receives consideration for transferring, presenting or returning a substitute check, or any paper or electronic representation of a substitute check, warrants to the recipient and any subsequent recipient that no one will transfer, present or charge them for the original check, the substitute check or a paper or electronic representation that would amount to a duplicate payment of a check that the recipient has already paid. The Commentary to this section makes clear that the warranty would apply even if the demand for a duplicate payment results from a fraudulent substitute check of which the bank giving the warranty had no knowledge. We recognize that this warranty language is identical to that in the statute and therefore there might be no flexibility to change it; however, we believe that the result of the warranty would be unfair in the case of fraud and could discourage the use of substitute checks. Therefore, if it is not possible to provide that the warranty does not apply in this circumstance, we urge that the final rule make clear that it does not alter the allocation of liability for fraudulent items that would otherwise obtain under the UCC and other provisions of Regulation CC. In this way, banks transferring or presenting fraudulent substitute checks will be in no worse position than they would be in under applicable law today.

The Commentary to section 229.52(a) states that consideration for transferring a paper representation of a substitute check could arise merely from printing the check number and amount of the check on a periodic statement. We disagree strongly with this statement and think that it should be deleted from the Commentary. All periodic statements contain the amount of a check and many, if not most, include the check number as a convenience to customers. First, we think that saying that check number and amount is the equivalent of a paper representation of a check is contrary to the plain meaning of those words. Second, if printing this minimal information constitutes transferring a paper representation of a substitute check, such that warranties arise, there would never be a case in which a bank could send a statement to its customer without making the warranties under section 229.52, even if the customer has agreed not to receive its original cancelled checks with the statement.

Section 229.52(a)(2): Should the warranty against duplicate payments apply to ACH Debit Entries?

The Board has asked whether the warranty protecting a recipient against duplicate payments "based on a check that it has already paid" should apply to payment of an ACH Debit Entry. We believe that the warranty should not apply to payment of ACH Debits. An ACH Debit is not an "electronic representation of a substitute check" because it is not intended to be printed out to look like, or to be processed in the same manner as, a substitute check. ACH transactions are subject to rules different from those governing checks (the rules of NACHA-The Electronic Payments Association and, for

certain ACH transactions, the Board's Regulation E). We think that it is unnecessary to attempt to cover ACH transactions in this rulemaking and we are concerned that applying the warranty in such cases would interfere with the application of the ACH rules.

Section 229.53: Indemnity-Effect of damaged substitute check

PNC requests that the Board make clear that if a substitute check becomes damaged, it may be handled in the same way as a damaged original check, including, when applicable, placing it in a carrier envelope, without any increase in liability to the bank that does so, even if the front and back of the substitute check are not visible through the carrier envelope. An original check doesn't lose its status as an original check if it is damaged. Under the Act, substitute checks are intended to be processed like original checks. It is inevitable that a certain percentage of substitute checks will become damaged and require special handling. Once a decision has been made to convert an original check to a substitute check, the banks processing the check should be able to continue to treat it as a substitute check, notwithstanding that it may have been placed in a carrier envelope.

Sections 229.53 and 229.56: Indemnity and Liability-Measure of damages

PNC believes that it is unclear how proposed sections 229.53 and 229.56 would work together when determining the measure of liability for damages under the Proposal. The Commentary to these sections does not clarify matters sufficiently.

In section 229.53(b)(ii)(A), the words "resulting loss" are unclear because the section does not identify from what the loss is supposed to have resulted.

In the first sentence of section 229.56(a), we suggest inserting the word "in" before "§229.53."

It is unclear whether there is intended to be a difference between "Interest and expenses (including costs and reasonable attorney's fees and other expenses of representation) related to the substitute check" in sections 229.53(b)(1)(ii)(B) and 229.56(a)(1)(ii), and "any loss (including interest, costs, reasonable attorney's fees, and other expenses of representation)" in section 229.53(b)(1)(i).

In discussing losses covered by the indemnity under section 229.53(a), the Commentary refers to losses that are "ultimately traceable" to the receipt of a substitute check. This term is not used in the Act, which refers to losses that are "due to" receipt of a substitute check, and it is not clear if there is intended to be a difference.

In general, we think that understanding of the rule would be improved if the measure of damages for indemnity, including with and without breach of warranty, and for failure to comply with other provisions of the rule, were addressed in one section, with detailed examples illustrating the application of the section to different fact patterns.

Section 229.55(b)(1) and (4): Expedited recredit procedures for banks

Under proposed section 229.55(b)(1), a claimant bank must make a claim for expedited recredit from an indemnifying bank within 120 days of "the date of the transaction that gave rise to the claim." PNC requests that the Board clarify the transaction to which this phrase refers. It is particularly unclear in light of the fact that, under section 229.55(a)(ii), it is not necessary that a consumer's account actually have been charged or that the claimant bank actually have received a claim for expedited recredit from a consumer in order to trigger the right to make a claim under the section. Is the "date of the transaction" the date that the claimant bank's account was charged for the substitute check by or for the credit of the indemnifying bank, the date that the substitute check was presented or transferred to the claimant bank, or some other date? We suggest that it should be the date that the substitute check was transferred or presented to the claimant bank. It is receipt of the substitute check that triggers the warranties and indemnities under the Proposal.

Similarly, in 229.55(b)(4), we request that the Board clarify that receipt of a claim means the date of actual receipt by the indemnifying bank, and not some other date. We also suggest that the in the last sentence of section 229.55 (b)(4), the first two words be changed from "A bank" to "An indemnifying bank."

Section 229.54(b)(3): Form and submission of claim; computation of time

In this section, the industry needs clarification of when a consumer is deemed to have submitted a claim. We suggest that it be changed to read "the date on which the bank receives the written claim" in order to avoid confusion and inconsistency with other sections of the Proposal. This is stated in the Commentary, but we think it should be included in the rule itself.

Section 229.54(d)(3): Delayed availability of expedited recredit and overdraft fees

We question why a consumer should be exempt from overdraft charges in the case of a delay in availability of an expedited recredit that is imposed in accordance with the rule. If the bank notifies the consumer that it is delaying availability of the recredit, as it would be required by the Proposal to do, then the consumer should have no expectation that it can draw on those funds until they become available and should not be exempt from overdraft fees for doing so. The Proposal acknowledges that there are heightened risks for banks in the circumstances that allow delay of recredit. Therefore, banks should not have to lose the deterrent effect of overdraft fees when those circumstances exist. Furthermore, system changes will be needed in order to manage such an exemption, which will add to the cost of the rule for banks. If a bank ultimately determines that the consumer is entitled to a recredit, and that the overdrafts were caused by the initial charge to the account, then the bank can refund the overdraft fees.

Section 229.54(e)(3): Notice of a reversal of recredit

PNC requests that the Board clarify that notice is deemed to have been given under this section on the business day that the bank sends the notice to the consumer. If notice is delivered electronically, it should be considered to have been sent on the business day that it is made available to the consumer.

Section 229.54(f): Expedited recredit-Other claims not affected

We find the wording of this section to be ambiguous in certain respects, and conclusory as to the resolution of the issues that will depend upon the facts and the other law in question. First, it is not clear what damages are meant by "additional damages under §229.53 or §229.56." Second, we agree that if a bank incorrectly charges a consumer's account for a substitute check, and the consumer suffers resulting damages for which the bank is liable under applicable law, the fact that the bank recredits the account does not, by itself, necessarily change the damages that the customer has incurred or mean that the bank should not be liable for those damages. However, the recredit could serve to limit the bank's liability for certain claims by, for example, demonstrating the bank's good faith, or by mitigating the customer's damages from the initial wrongful charge to the customer's account. In this regard, we think that the section is too absolute in its conclusion that recrediting will never "absolve the bank from liability for a claim made under any other provision of law." In fact, the section seems to be contradicted by section 229.56(a)(2), which says that the amount of damages under section 229.56(a)(1) "shall be reduced by any amount that the person receives and retains as a recredit under §229.54 or §229.55."

We think that section 229.54(f) is unnecessary, does not add to the clarity of the rule and could have unintended, negative consequences for banks. Accordingly, we suggest that it be deleted from the final rule. If the Board determines to retain it, we ask the Board to clarify that the section is intended to mean only that recrediting, by itself, does not absolve the bank from liability for damages, for which the bank is otherwise liable, incurred by the consumer prior to the recredit, except to the extent otherwise determined in accordance with applicable law.

Section 229.55(a)(1)(ii): Expedited recredit procedures for banks-When claimant bank would have been subject to claim by consumer

This subsection states that a bank that has an indemnity claim under section 229.53 may claim expedited recredit from the indemnifying bank even though the claimant bank has not charged the consumer's account, if charging the consumer's account would give rise to an expedited recredit claim by the consumer against the claimant bank. First, the section does not state that this right is limited to the paying bank and the depository bank. Yet that seems to be the result, since under section 229.54, a consumer must make the claim to the bank that holds the consumer's account (which could only be the depository or paying bank), and so only the depository or paying bank would be subject to a claim for expedited recredit by a consumer. We think that the section should go on to state that in such circumstances, the claimant bank may not charge the consumer's account after making the claim for expedited recredit from the indemnifying bank. Otherwise, the claimant bank could be paid twice for the same substitute check -- once by the indemnifying bank and once by the consumer.

Section 229.55(c): Action on claims

This section would require an indemnifying bank to respond within 10 days of receipt of a claim from a claimant bank. We question how this would work if the indemnifying bank must then make a claim against another indemnifying bank (for example, for the original check). It appears that the

second indemnifying bank would have 10 days from the receipt of the first indemnifying bank's claim within which to respond. If this is correct, then the second indemnifying bank's response would not be due until after the deadline for the first indemnifying bank's response. It is not clear if this was the intended result of the Proposal. For example, the first indemnifying bank might request the original check or a sufficient copy from the second indemnifying bank, but if the second indemnifying bank does not respond before the end of the first 10 day deadline, the first indemnifying bank could be forced to give a recredit. If it then receives the original check or sufficient copy, it is not clear whether or how it could obtain reimbursement of the recredit. We request that the Board consider these issues, recognizing it is not in the best interests of any of the parties to unduly lengthen the process, and clarify how the rule would work in such cases.

In section 229.55(c)(3), we believe that the second instance of the word "claimant" should be changed to "indemnifying."

Section 229.56(d)

We ask that the Board clarify that a consumer recredit claim is not considered to be a timely recredit claim for purposes of 229.56(d) unless it contains all of the information required by 229.54(b)(2) and is made in writing, if required by the bank in accordance with 229.54(b)(3). Otherwise, the two sections will not work together.

Sections 229.35 and 229.38, Appendix D, Appendix E, (nos. 45 to 49), and 229.51(b): Accrual of Cause of Action

Since the Act introduces a discovery rule into the determination of when a cause of action has accrued, which is itself not the usual way statutes of limitation are treated for commercial transactions, we strongly oppose the addition of the identification of the warranting or indemnifying bank as a specific example of what may delay the accrual of the cause of action, since it is not specified in the Act.

Model Disclosure

We generally agree with other groups that the Model Disclosure is quite long. We would like to note our concern with a number of words, phrases or provisions as follows:

In "Your Rights to File a Claim for an Expedited Refund," we agree that consumer rights are related to a loss a consumer experienced "because [he/she] received a substitute check" but, the criteria, in particular in steps 1 and 2 for filing a claim for expedited re-credit, are not specifically related to a substitute check, and could easily be read to permit standard UCC type claims, which should not be swept into Check 21's provisions for expedited re-credit. We believe only examples that can clearly be tied to receipt of a substitute check should be provided.

In "Our Responsibilities for Handling Your Claim," the use of the phrase "better copy" is problematic. Suppose a bank believes that the copy sent is good enough? In any case, who should

judge whether a copy is better? We suggest that the disclosure be changed to say that a bank will send a "copy that we believe shows sufficient information."

In that same section greater clarity is needed to describe the time required for the bank to respond to a claim. The wording currently requires a response ten business days after the claim was "submitted." This is a vague term. The phrase should be worded: "If we have not made a decision on your claim within 10 business days after we receive it, ..."

In the same paragraph, the last sentence should include the following underlined changes: "If we have not made a decision on your claim, we will refund the remaining amount, if any, plus interest to your account by the 45th calendar day after we received your claim."

Paying Bank Should Not Be Required To Use MICR Ink

We strongly concur with those commenters who seek to eliminate the requirement of using MICR ink for the MICR line of the substitute check in the case of a paying bank where the check was paid and cancelled by the paying bank and where the substitute check is being provided to the drawer, and will not be processed further on an automated basis.

For clarity in the written text, we suggest that a slight wording modification be made to sections 229.30(a)(2)(iii) and 229.31(a)(2)(iii) by adding to each the underlined phrase:
". . . a qualified returned check must be encoded in magnetic ink with the routing number of the depository bank, the amount of the returned check, and a '2' in the case of an original check or, in the case of a substitute check, a 5, in position 44 . . . ."

* * *

PNC appreciates the opportunity to comment on the Proposal. The changes that are contemplated will have a significant impact on the industry, and it is our hope that these comments will help to make these changes more readily accepted. Please feel free to contact us with any questions related to the matters discussed in this letter.

Very truly yours,

James S. Keller

cc: Joseph J. Abdelnour
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